

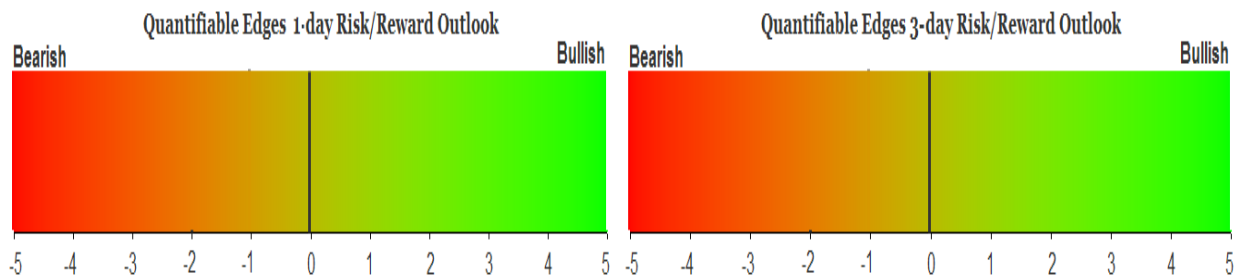
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 13, 2024

Volume 17 Issue 30

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	2

Tonight's Research Points

- The series of higher highs, lows, and closes, suggests more upside is to come after Monday's down close.
- The slight dip occurring with strong breadth appears to be a positive.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where I am as well. But...if there is a negative reaction to the CPI number on Tuesday, it could set up a long opportunity for Wednesday.

Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 12, 2024	3 Higher Highs, Lows, Closes. Dn close.	1-4 days	Bullish	1.30%	-0.80%	-1.70%
February 12, 2024	5-day high. Then down close on 60% Up Iss	1-3 days	Bullish	1.60%	-0.90%	-2.10%
February 5, 2024	Up Vol % < 40%. SPX up and > 200ma.	1-7 days	Bullish	1.70%	-1.30%	-2.50%
Active - Long Term						
February 12, 2024	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.40%	-9.00%
February 5, 2024	Up Vol % < 40%. SPX up.	1-10 days	Bullish	2.10%	-1.60%	-3.40%
February 2, 2024	SPX up > 15% last 3 months	1-6 months	Bullish			
January 29, 2024	5 up to 50 high. Down 1.	1-10 days	Bullish	1.80%	-1.10%	-2.30%
January 25, 2024	SPX 20-day intra high. Close btm 10% rng.	1-10 days	Bullish	2.00%	-1.50%	-2.80%
January 17, 2024	CBI 11+	1-20 days	Bullish	5.90%	-4.30%	-9.65%
January 16, 2024	NASDAQ Leading	int term	Bullish			
January 16, 2024	RUT btm 25% 20-day rng. SPX top 25%	1-40 days	Bullish	5.20%	-3.40%	-6.70%
December 27, 2023	%SPX > 50 moves frm 15% > 90% in 50 dys	1-6 months	Bullish			
December 21, 2023	SPX 20-day intra high. NDX worst dn in 20	1-50 days	Bullish			
November 7, 2023	Whaley ADT5 > 73.66	1-12 months	Bullish	25.20%	-8.10%	
November 6, 2023	Zweig Thrust	1-12 months	Bullish	29.00%	-3.20%	-7.00%
November 6, 2023	Best 6 Months	6 months	Bullish			
May 22, 2023	SPX 50-day high < 1/2 SPX stocks > 50ma	1-12 months	Neutral			
February 2, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

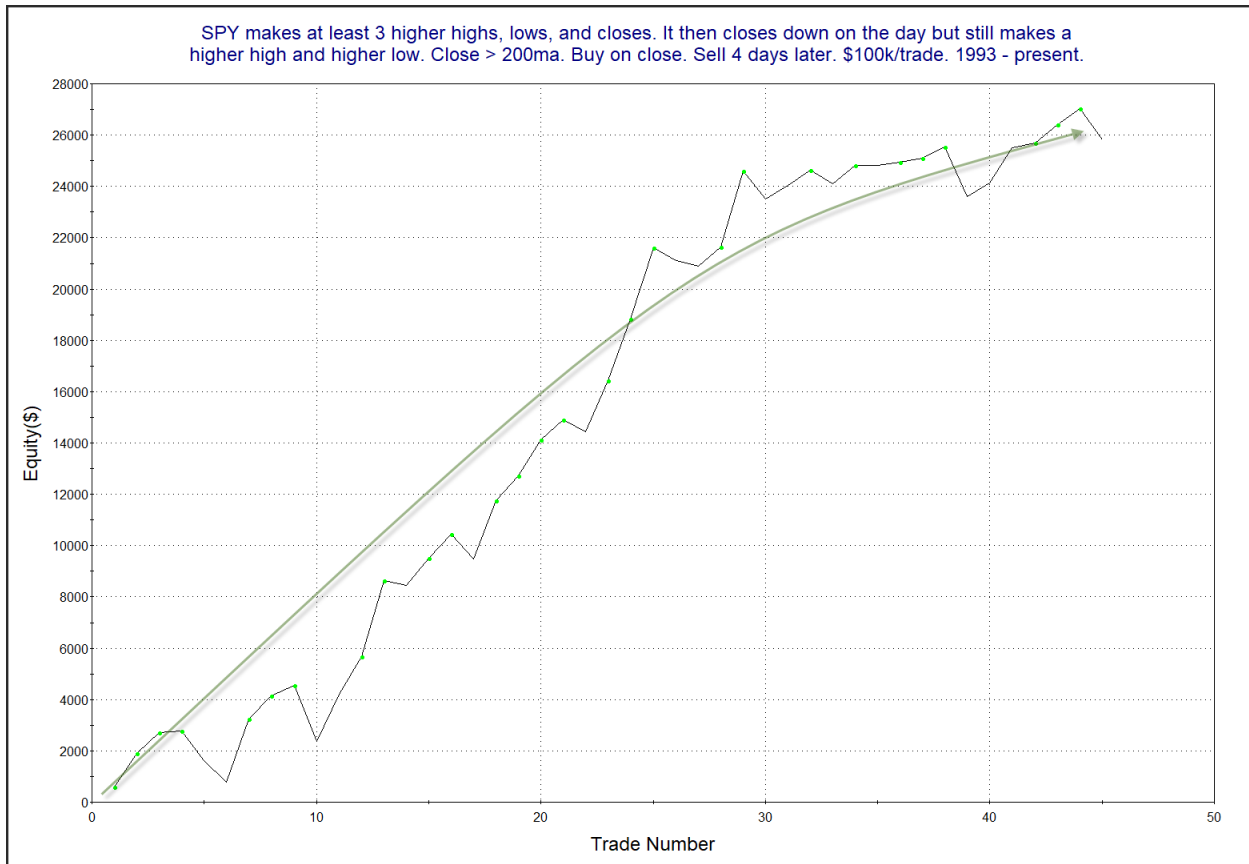
The Evidence

Monday was mixed. The SPX lost 0.1%, the NASDAQ fell 0.3%, and the Russell 2000 rallied 1.75%. Breadth was positive with the NYSE Up Issues % coming in at 77.5% and the Up Volume % at 81%. NYSE total volume rose some from Friday's level.

SPY finished lower, but it did manage to register a higher high and a higher low. The study below was last seen in the 9/1/23 letter and examines other times a pullback of this sort followed a series of higher highs, lows, and closes. I've updated the results.

SPY makes at least 3 higher highs, lows, and closes. It then closes down on the day but still makes a higher high and higher low. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	19,956.43	45	29	16	64.44	3,602.64	-4,604.60	1,257.48	-1,031.90	1.22	2.21	443.48
4	25,818.04	45	32	13	71.11	2,962.96	-2,191.22	1,159.11	-867.19	1.34	3.29	573.73
3	17,736.98	45	29	16	64.44	2,762.41	-2,640.33	967.74	-645.47	1.50	2.72	394.16
2	14,347.13	45	32	12	71.11	2,399.54	-2,291.63	734.85	-764.00	0.96	2.56	318.83
1	8,608.94	45	29	16	64.44	1,395.93	-1,576.28	494.86	-358.87	1.38	2.50	191.31

There appears to be a strong propensity for the move up to reassume. Below is a profit curve assuming a 4-day holding period.



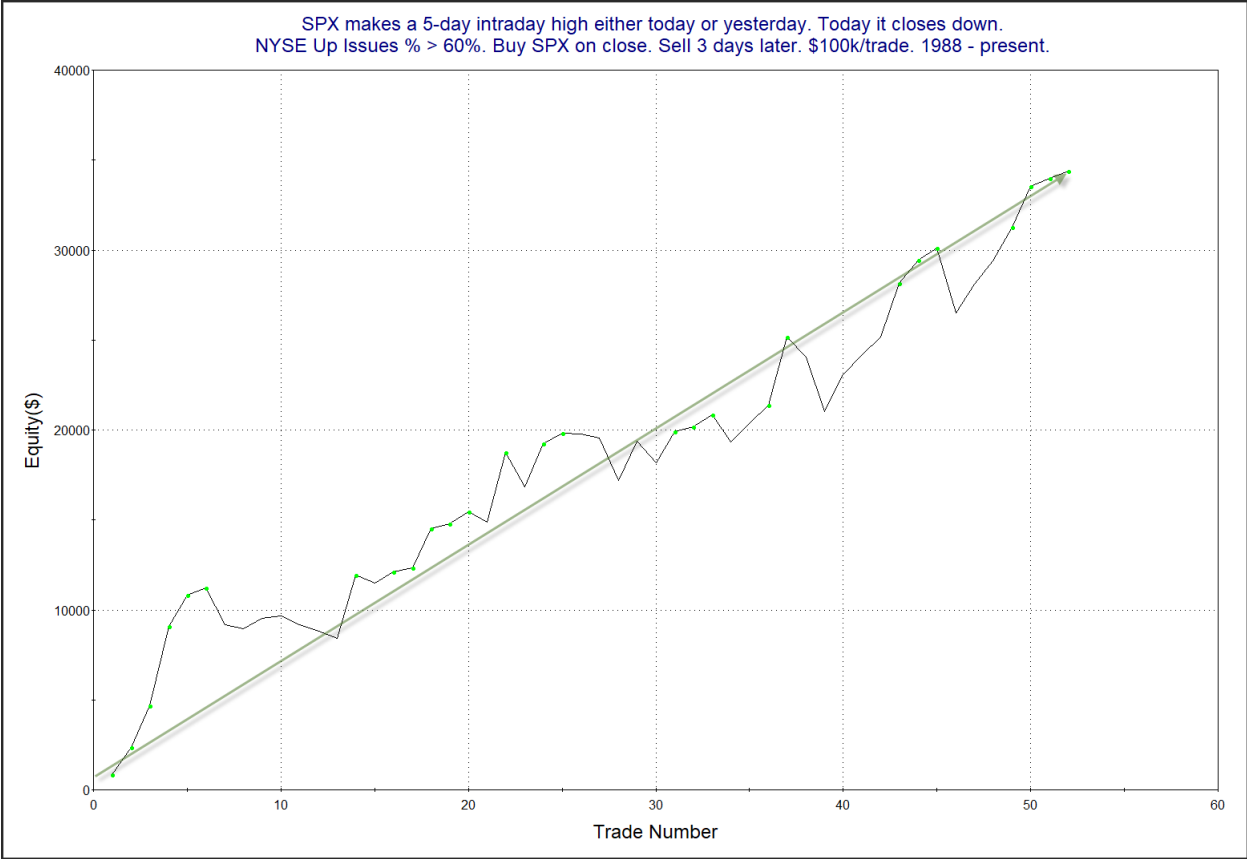
The persistent move higher is impressive. This study seems worth consideration. I have added it to the Active List tonight.

Another study I found interesting was last seen in the 11/30/23 letter. It examined other times the market made a recent short-term high, then pulled back but the breadth remained squarely positive. Results are updated below.

SPX makes a 5-day intraday high either today or yesterday. Today it closes down.
NYSE Up Issues % > 60%. Buy SPX on close. Sell X days later. \$100k/trade. 1988 - present.

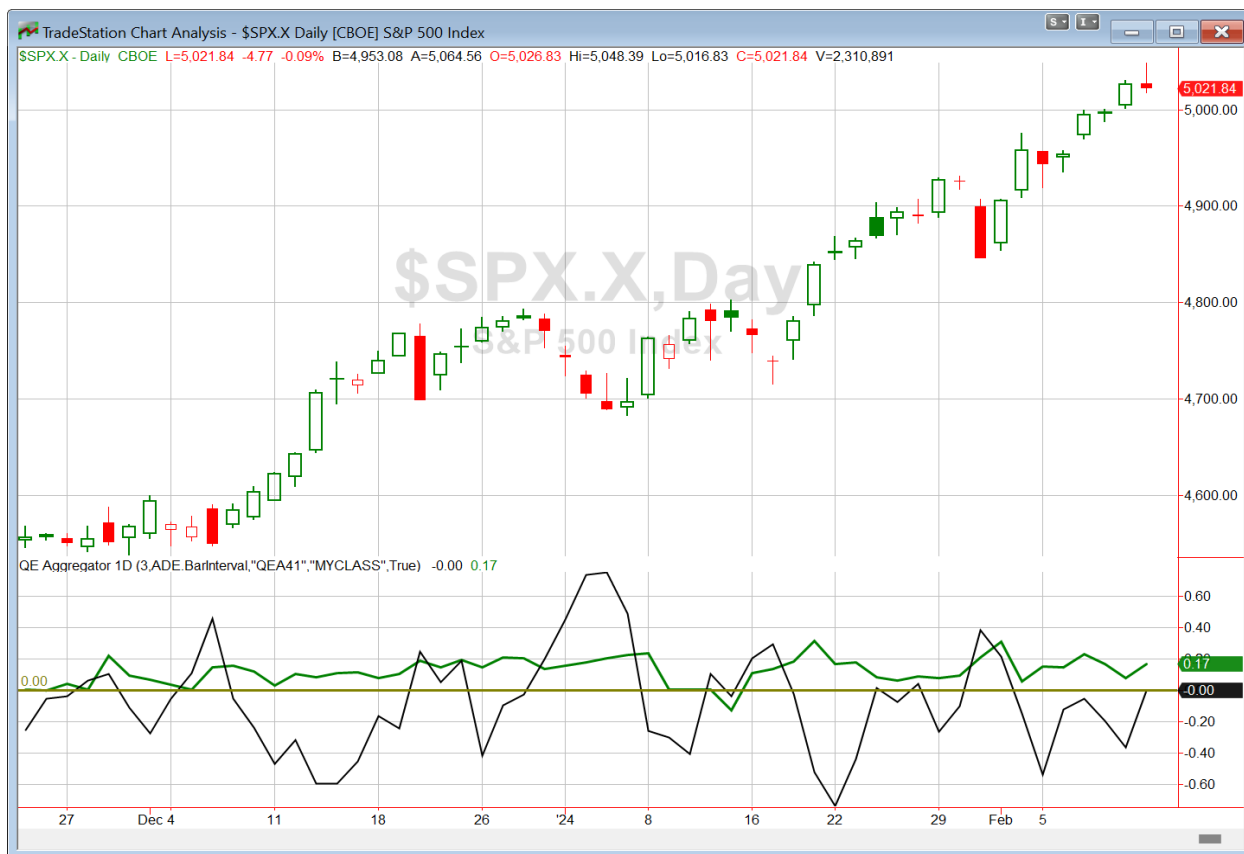
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	17,003.48	49	31	18	63.27	4,586.15	-6,119.33	1,692.79	-1,970.72	0.86	1.48	347.01
4	39,548.72	52	34	18	65.38	8,095.62	-6,253.50	1,967.36	-1,518.97	1.30	2.45	760.55
3	34,402.67	52	36	16	69.23	4,370.82	-3,593.26	1,498.61	-1,221.70	1.23	2.76	661.59
2	24,498.45	52	35	17	67.31	4,825.17	-4,128.74	1,253.31	-1,139.26	1.10	2.26	471.12
1	20,136.05	52	31	21	59.62	3,351.09	-1,606.00	985.44	-495.84	1.99	2.93	387.23

This suggests a possible upside edge over the next few days. Below is a look at the 3-day profit curve.



The curve has sloped upwards for a long time and is back at new highs. This seems to offer some confirmation of the upside edge suggested by the stats table. I have included this study on the Active List as well.

I have updated [the Aggregator chart](#) below.



With tonight's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation stayed flat at the close.

Based on the current list of active studies, expectations are slated to remain positive on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 5025.37 on Tuesday. That is 0.1% *above* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up about 0.1% in order to remain overbought. Anything other than that and it will be considered "oversold" vs recent expectations as of Tuesday's close.

The Aggregator remains neutral. Evidence is starting to build for the short-term bullish case, but SPX is still short-term overbought. Tuesday will see the release of the CPI number. That has not been much of a volatility generator, but it certainly could be if the number is not near expectations. If the reaction is negative, then there is a good chance we see a bullish Aggregator tomorrow. But I'll wait until I see that before I consider taking on new long index exposure.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 2/12 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

VZ @ \$39.91 – bought @ Limit

AMGN @ \$291.12 – bought @ Limit

Broad Market Large Cap CBI – 2(VZ, AMGN)

Additional New Trade Ideas

A full listing of system triggers can be found at the [numbered systems page](#) each night. I will cherry pick some of my favorite setups from the S&P 100 and ETF lists along with occasional other trade ideas to track below.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
VZ(1/3)	2/9/2024	\$39.90	\$40.10	0.50%	Catapult
AMGN(1/3)	2/12/2024	\$289.97	\$294.43	1.54%	Catapult

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